

# Employer NEWS July 2004

*Indiana Public Employees' Retirement Fund*

## MILITARY SERVICE CREDIT



Thousands of Armed Forces Reserve and Indiana National Guard soldiers are being pulled from their families, homes, and jobs to serve in active duty, often for extended periods. Among them are PERF-covered employees. Let them know they can keep their benefits.

**TIP** Notify PERF when an employee goes on active duty within 90 days after they return. Note it in their employment file. Doing so might save time and missed service credit years later.

Years from now, when an employee who served retires, the fund will ask about any missing time in their payroll records. By submitting a DD214 (discharge papers) with their Retirement Application, the member might supply the answer. But if he/she does not know they should receive credit for that time and the employer has no record with PERF or in their files, a lot of digging, head scratching, frustration and delay could be involved.

Employer-paid Annuity Savings Account contributions and pension obligations for any eligible person will be calculated as if the person were on the job they held when they began military service. Payments for these contributions are owed to the fund after the person returns to work. Member-paid contributions that are post-tax, through salary reduction, may be made up if the member chooses.

Service credit for up to five years of active duty is awarded if:

1. Employee was working in a PERF-covered position when they were called for active duty.
2. Employee did not take a refund of the Annuity Savings Account at that time.
3. Employee is honorably discharged.
4. Employee returns to a PERF-covered position with the same employer within 120 days of discharge, unless there are extenuating circumstances (such as recuperation from injuries).

This coverage applies to the first enlistment, not to voluntary re-enlistments made while on active duty. Many Active, Reserve, and Guard units now have an extended tour of duty. This extension is not considered re-enlistment, nor is serving multiple years prior to active duty call-up.

Members can also buy up to two years of service credit for military service if they have been in a PERF-covered position for one year, have at least six months of active duty, were discharged under honorable conditions, and submit the discharge papers (DD214).

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*Funding your future.*

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# MESSAGE FROM THE EXECUTIVE DIRECTOR

Dear Employers,

For the past several months, we have been meeting with employers across Indiana to listen to their concerns and gauge PERF's performance. The issue that comes up repeatedly is the need to improve the timeliness of PERF's customer service. We have turned our full attention to becoming world class performers in this area.

The past two months have marked a true turning point for PERF. In the first week of June, we made dramatic changes, which we believe will have a significant positive impact on how we serve our members and their families through you, our employers.

The new business processes include:

- **Electronic Wage and Contribution processes and forms.** Productivity improvements promise to be dramatic. In early tests, file handling error rates dropped significantly. The time needed to post the State's 39,000 employee records fell from forty hours in Q4 of 2003 to two hours in Q1 of 2004.
- **New Membership Records.** A simpler form eliminates duplication of information and requires fewer signatures. These design changes reduce the chances for error and delay, and set the stage for future electronic handling of this information.
- **A new streamlined Retirement Application process.** Changes in this process reduce employer paperwork requirements and speed the arrival of that first benefit check to retirees.

Each year, PERF collects about \$400 million from employers, pays out about \$35 million a month in benefits, and contracts with twenty-eight fund managers from all over the world to invest the \$11.3 billion in assets in our care. New business processes have been combined with a \$2 million remodeling of our offices to improve efficiency and security. We have opened our new Customer Service Center and launched an entirely new website. This is only the beginning of our efforts to provide the world class service that will reflect PERF's position as one of the largest financial services institutions in the country. We hope you will join us in this important journey.

Sincerely,



Craig E. Hartzer

## REFUNDS AND ANNUITY SAVINGS

When an employee leaves your organization, ask these questions before handing them a refund application for their PERF Annuity Savings Account (ASA).

**1) Has he/she worked in PERF-covered positions for ten or more years?** An employee might be vested with ten years of service credit, even though they haven't been with your agency for all that time. Vested members who take a refund of the ASA contributions lose all of their PERF Defined Pension Benefits. In mid-career, retirement seems a long way away, but pension benefits are paid every month for life. Be sure your vested employees understand the consequences of taking a refund.

**2) Does a non-vested employee expect to leave ASA contributions with PERF?** If the balance is \$200 or less, it will be refunded automatically after two years. Inactive members may move their funds between all investment options until there have been no contributions for ten years. From then on, interest will stop accruing in the Guaranteed Fund,

and those investments can't be moved into equity funds. Equity investments will continue to earn interest, but the Guaranteed Fund will no longer be an option.

**3) Is the member likely to return to a PERF-covered position?** Six months after a former member begins working in any PERF-covered position, creditable service is restored, and the right to earn a pension benefit is regained. This might make a refund look better, but remind your employee that he/she would also give up the interest the ASA would earn in ten years.

# NEW WAYS TO HANDLE PERF BUSINESS

The previous issue of the Employer News promised new business processes to improve the services PERF provides to members through its partnership with employers. Those processes are now in place, with new forms, new electronic reporting links, and new support to help employers make the most of these opportunities.

PROCESS	OLD WAY	NEW WAY
<b>Member Record Processing</b>	A four-page form the employer signs twice and the member signs twice. Employer includes information about prior service. Form must be filled out by hand or on a typewriter. No written support or PERF-supplied training.	A two-page form the employer and member each sign once. No prior service or certification of service is required. The instructions are included with the form which can be printed. (See back page.)

Check out the instructions, sample and video training tool at [www.perf.in.gov](http://www.perf.in.gov).

<b>Retirement Application Processing</b>	<p>The retirement application and related forms must be gathered and submitted together. <b>Member</b> completes these and gives them to his/her <b>employer</b>, who holds them until member actually works the last day.</p> <p><b>Employer</b> waits until or near retirement date to complete Separation from Employment, Wages, and Contributions report and gives application back to member. <b>Member</b> submits application to PERF.</p> <p>A <b>Retirement Counselor with the fund</b> begins process of verifying creditable service and authorized leaves (on or after retirement date.) <b>PERF</b> matches application and other related forms and issues first retirement check.</p>	<p><b>Member</b> receives a booklet, including all necessary forms and instructions, which he/she submits directly to PERF up to six months before retiring, giving the fund more time to perform the validation.</p> <p><b>PERF</b> verifies creditable service and authorized leaves, and resolves any service issues that arise. The Report of Separation from Employment, Wages, and Contributions form is sent to <b>employer</b> one month before retirement date, who returns the certification directly to PERF.</p> <p><b>PERF</b> matches application, retirement option choice, verified service, and Separation from Employment form. First retirement check is issued.</p>
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Urge employees to send in their applications as early as possible to begin receiving monthly retirement checks promptly. Have them contact the Call Center (1-888-526-1687) to schedule a retirement counseling appointment.

<b>Wage &amp; Contribution Reporting</b>	<p>Employer prepares latest quarter wages and PERF contributions report, and sends copy to PERF on paper, tape, or computer disk.</p> <p><b>PERF</b> manually enters data line by line into electronic format (this method is error-prone), reviews and validates data, makes corrections, revalidates. PERF then posts contributions to employer accounts.</p>	<p>Employer receives correctly formatted electronic file of last quarter's employee records from PERF, makes changes to update current quarter information. Employer also connects to PERF's website, follows instructions and submits report to PERF. <b>Employer without internet connection</b> makes copy of the file on a disk and sends it to PERF. <b>PERF</b> verifies and posts data into system electronically (nearly error-free).</p>
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Contact PERF about moving to electronic reporting. Any records kept on computer can be prepared and sent using the new reporting tools available. Call Suzette Greene (317-233-4118) for assistance.

## NEW WEBSITE LAUNCHED

Visit [www.perf.in.gov](http://www.perf.in.gov), which gives you access to the updated information on plan provisions (which is like a new member handbook), the employer's log-in screen for transmitting information electronically, and the current forms. Check out all the new features and let us know what you think.



# RECEIVING PERF'S NEW FORMS

**On August 1st**, PERF will no longer accept any older Retirement Applications or Member Records. Employers are urged to destroy old forms on hand. The new Member Record is the first of many forms employers and members can fill out via computer and submit by clicking a button.

Employers are urged to print the shorter forms they need directly from the new website at [www.perf.in.gov](http://www.perf.in.gov). Suggest that your employees print their own forms at home, or the public library. It's faster than ordering from PERF, it eliminates the need to restock, and ensures the forms you spend time on are the most current versions available. The retirement application, a larger booklet that includes several forms and instructions, may be requested from PERF by calling the toll-free number.

## QUICK TIPS

**T1**

**Tell us what you think.**

Both employers and PERF can handle the quarterly reporting of wages and contributions more efficiently if these reports are submitted electronically. (story on page 3) To continue moving toward electronic reporting for all employers, we need information from you. An on-line survey is available at <https://websurveyor.net/wsb.dll/6197/er-employerreporting.htm>. You can fill it out and submit it on-line. If you do not have internet access, we still need your information. Please give us a call at 1-888-526-1687 to request a survey. You can return it by fax or mail.

**T2**

**Employees are responsible for any rollover checks**

PERF members often rollover Annuity Savings Account funds into another financial institution, either at retirement or when taking a refund. Please remind your employees that state law requires PERF to issue rollover checks directly to members. The check will read something like: "Payable to: FBO Mary K. Doe." Ms. Doe is then responsible for depositing the check with the financial institution of her choosing. Please ask your employees to explain this to their financial institution. This will help cut down on the dozens of unnecessary rollover forms PERF receives that we must either destroy or return.

**T3**

**Schedule a PERF presentation for your employees**

The PERF Outreach Department can come to speak to groups of either employers or employees. We will explain benefits and answer questions. Call Tony Prizevoits directly at 317-233-4115, call toll-free at 888-526-1687 or send an email to [aprivevoits@perf.in.gov](mailto:aprivevoits@perf.in.gov) to schedule a date.

## *Employer* NEWS

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*Executive Director*

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